

## **Factors Affecting the Realization of MSME Financing at Sharia Bankaltimtara Samarinda**

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### ***Abstract***

*This research was motivated by the importance of financing the MSME sector based on sharia principles to overcome the problem of limited MSME business capital and avoid the element of usury. The research aims to determine what factors had a significant effect on the realization of MSME financing at the Sharia Bankaltimtara, Samarinda. To analyze the factors that influenced the realization of MSME financing, the method used was multiple linear regression analysis. The independent variables were estimated, namely the age of the customer, the level of education of the customer, the length of the business of the customer, the net income per month, the type of business, the composition of venture capital, collateral value, and type of financing contract. Multiple linear regression analysis was tested with the SPSS 23.0 statistical tool.*

**Keywords:** Collateral, Business Capital, Financing, MSME, Sharia Bank,

## **INTRODUCTION**

Islamic banks continue to expand annually with the adoption of Law No. 21 of 2008 Concerning Islamic Banking. The national development of the Islamic banking sector has a sound legal foundation and is being increasingly supported in its growth. Islamic banking now has assets worth Rp. 448 trillion (Financial Services Authority, 2022). Globally, the popularity of Islamic banks in Muslim countries as well as in western countries that are a minority has also begun to experience rapid development (Hamid & Masood, 2011). Islamic banks are created and guided to realize community benefits through the implementation of sharia principles in their business practices. Islamic banking contributes to the national economy's ability to withstand the shocks of the global crisis in addition to benefiting the community. Islamic banking is thought to be more adept and resilient to the upheaval of the current financial crisis.

The existence of Islamic resilience banking in the face of the global crisis several years ago has been demonstrated by numerous scientific research. In his study, Sudarsono (2009) established that Islamic banks are more stable than conventional banks in the face of the current financial crisis. Because Islamic banks operate under a no-interest financial system, they are able to weather changes in interest rates resulting from a drop in the value of the rupiah as a result of a shortage of dollars in the market. According to Baber (2018) the indication of stable performance during the crisis at that time can be considered as positive evidence of the resilience of Islamic banks in facing the financial crisis. Islamic banking has contributed to the macroeconomics with its unique characteristics that reject the idea of earning interest without knowing the investment process or the sharing of loss and profits (Mohammed & Muhammed, 2017). Comparing Islamic banks' financial performance to that of traditional banks reveals that they operate consistently and effectively. Thus, the performance of financial institutions, especially banks, is expected to bring movement to the national economy (Riantani & Dyahrini, 2021).

Aside from that, financing in the real sector, which is typically not greatly impacted when economic shocks occur, was what assisted Islamic banking to survive the global crisis. Micro, Small, and Medium-Sized Enterprises, or MSMEs for short, have shown to be unaffected by the crisis because they were able to maintain their viability when it was struck in 1997–1998. In actuality, Indonesia's MSME sector dominates the country's economy. As a result, this sector plays a big part in boosting the national economy, creating jobs, raising people's income, and reducing poverty. Hakeem (2019) states that MSMEs sector is a vital component in advancing the economy so that it requires encouragement in exploring its target market through the use of available financing. MSMEs is a development strategy that plays a major role in reducing people's poverty rate because it has the opportunity to create various productive sectors that generate income for the poor workforce (Nursini, 2020).

The MSME Sector is anticipated to be able to survive the effects of the global financial crisis on the business being carried out and be able to play a rescue role in a number of industries in accordance with Sharia Banking. Islamic Banking and the MSME Economic Sector work closely together to uphold national income and improve economic stability. The government and Indonesian banks run a variety of financing programs and schemes to spread MSME financing and continue to raise MSME capital.

The findings of Ninik Hariyati's research thesis, which found a significant connection between the growth of MSMEs and Islamic banking, as well as the close relationship

between Islamic banking and the MSME sector in boosting economic growth, are also consistent with the close relationship between Islamic banking and the MSME sector in increasing economic growth. Indirectly, the mutually beneficial interaction between Islamic banking and MSME operators influences the expansion of the national economy. The micro sector, or MSMEs, can still exist and thrive without being impacted by the global crisis if the macro sector fights the crisis head-on (Hariyati, 2010). In response to these findings Soekarni (2014) reinforces that Islamic banks in terms of financing have three challenges that must be faced, there is a limited amount of profit loss sharing financing, an increasing number of problematic financing and a lack of financing for medium and large-scale businesses.

The issue of capital has been a barrier for MSMEs in Indonesia until this point. Sri Adiningsih, who was cited by Muslimin Kara in his journal, claims that capital issues are the biggest challenge faced by business owners in the MSME sector. When MSME actors want to raise financing through banks, they are limited. This is a result of the high level of financing interest rates and the difficulty in fulfilling financing guarantees (Kara, 2013). According to the findings Nugraheni & Alimin (2022) Islamic banks are able to see opportunities more closely through the development of business types that become business trends in the community and then adjusted to the terms of the financing application. Islamic banks are considered to play an important role in the MSMEs sector segment in providing access to alternative funding information and financing services (Saifurrahman & Kassim, 2022).

The Regional Development Bank of East and North Kalimantan Sharia Business Unit (Sharia Bank Kaltimara) is one of the Islamic banks that actively disburses funding to MSMEs. It is necessary for it to take part in assisting regional government programs for the growth of the MSME sector because it is a financial institution operating under the authority of the regional government of East Kalimantan Province. East Kalimantan Province is listed as Indonesia's eighth-highest producing province in the 2020 Central Statistics Agency report (Badan Pusat Statistik, 2020).

The increase in third party funds and asset growth each year shows that Sharia Bank Kaltimara is still expanding. Capital, efficiency and liquidity gains as well as improvements all contribute to this favorable development. As of September 2021, the total asset value of the Sharia Business Units of Regional Development Banks in Indonesia was Rp. 2.1 trillion, placing it ninth overall. Sharia Bank Kaltimara has distributed funding of Rp. 1.2 trillion as of September 2021 based on the value of distribution of financing (Bank Kaltimara, 2021).

Sharia Bank Kaltimara, in its capacity as one of the sponsors and activists in the provision of MSME financing to the Regional Government, has a variety of MSME financing schemes in relation to the improvement of the regional MSME sector. Although there are many MSME operators in East Kalimantan and North Kalimantan, funding for the MSME sector is significantly less than finance for consumption, which demonstrates inequity and imbalance.

According to Sharia Bank Kaltimara's funding data, only Rp. 104 billion will be realized in financing for the MSME sector by 2021 (Bank Kaltimara, 2021). This begs the questions of why finance for the MSME sector is still a small portion of total financing, how the quality of funding is, and whether the aims and objectives of MSME financing have been

met. Based on the information provided above, it is vital to research the variables that influence how ShariaBankaltimtara implements MSME financing.

The research results from Hariyati (2010) and Kara (2013) which have been mentioned above have a common thread that access to capital through financing provided by Islamic banking to MSME actors without being charged interest helps MSME actors to develop their business so that in the end they are able to increase economic growth along with the progress of MSMEs in Indonesia. The results of this study and the gaps between phenomena and Bankaltimtara Syariah financing data became a reference for writers in developing this research. What distinguishes this research from previous research is that there is no writing that examines Bankaltimtara Syariah about what factors influence the realization of customer financing at Bankaltimtara Syariah. Bankaltimtara Syariah is a Bank owned by the Regional Government which is expected to be at the forefront of improving the regional economy of East Kalimantan and North Kalimantan.

## **LITERATURE REVIEW**

### **Financing**

Financing, in its broadest sense, refers to spending, namely the issuance of funds to support planned investments, either made by themselves or by others. In a restricted sense, the term "finance" refers to loans given to clients by financial institutions such as Islamic banks (Muhammad, 2014). Meanwhile, Syafii Antonio highlighted that a bank's primary responsibility is to finance, namely by offering fund facilities to parties who are deficit units (Antonio, 2001). According to Kasmir, it is the provision of funds or similar claims based on an agreement or arrangement between the bank and another party that obligates the specific financed party to return the funds or claim after a specific amount of time in exchange for compensation or profit sharing (Kasmir, 2002).

According to the Sharia Banking Law No. 21 of 2008, financing is the provision of funds or equivalent claims in the form of profit sharing transactions in the form of mudharabah and musharaka, lease transactions in the form of ijarah or lease purchases in the form of ijarah Muntiyah bit tamlik, sale and purchase transactions in the form of accounts receivable murabahah, salam and istishna', lending and borrowing transactions in the form of receivables and qardh, and service lease transactions in the form of ijarah for multi-service transactions, based on an agreement between the Islamic Bank and /or Sharia Business Unit (UUS) and other parties that require the parties to be financed and/or provided with fund facilities to return the funds after a certain period of time in exchange for ujah, without compensation or profit sharing.

Until now, Islamic banking and financial institutions have been present in more than 50 countries and provide opportunities for Muslims to participate in contributing to business activities based on Islamic sharia values (Modan & Hassan, 2018). Islamic banks channel financing to MSMEs in the form of working capital assistance in order to encourage business independence and improving the community's economy (Wiyani & Siboro, 2022). Disli, Aysan, & Abdelsalam (2022) mentioned that MSMEs face more thorny problems related to financing for this reason as the main provider of Islamic banks are here to close the financing gap. The role of Islamic banking in developing community businesses is by supporting so that customers can expand their business reach, both individual and

group businesses, through providing access to financing as a source of capital (Trimulato, Syamsu, & Octaviany, 2021).

### ***Funding Principles***

According to Anshori (2009), in order for Islamic investment or financing conduct to adhere to Islamic rules and norms, five religious principles that are strongly supported by Islamic literature must be used. Giving alms/zakat, forbidding the production of goods and services that are incompatible with the Islamic value system (haram), avoiding economic activities including maysir (gambling) and gharar (uncertainty), and offering takaful are these five components (Islamic insurance). Similarly, Haddad & Souissi (2022) also argues that there are several transaction principles that are characteristic of Islamic banks, including Prohibition of interest, prohibition of gharar and maysir (be it in the form of risk, uncertainty or speculation), prohibition of financing in prohibited sectors (such as alcohol, weapons and drugs), the transaction must be tangible and have assets that can be identified and supported by real economic operating activities with the sharing of profits and losses of the parties.

### ***Definition of MSME***

Basically, MSMEs are defined as follows under Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises:

1. Micro-enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro-enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly of Medium Enterprises or Large Businesses that meet the Business criteria. Small as referred to in this Law.
3. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales proceeds as regulated in this Law.

Trinh & Doan (2018) mentioned that MSMEs actors not only contribute to growth and job creation but also in economic development and the advancement of domestic industry. Shafi, Liu, & Ren (2020) MSMEs is the backbone in the economies of various countries around the world that are able to provide income to the vast majority of people. MSMEs are considered to have innovation capabilities to develop a new product creation process or substantially a much better process improvement because it is in a business environment that highlights competitive advantage (Castillo et al., 2022). Therefore according to Modisane & Jokonya (2021) The innovation characteristics of MSMEs business are influenced by the trends and market turmoil faced. In addition to being related to economic interests MSMEs are also a pillar of social and environmental sustainability because they are considered to control 90% of all businesses and 50% of workers globally (Melo et al., 2023).

Additionally, according to Law of the Republic of Indonesia Number 20 of 2008 regulating MSMEs, micro-enterprises are profitable firms owned by individuals or individual legal organizations that have an asset worth of no more than Rp. 50 million or annual sales of no more than Rp. 300 million. A small business is a profitable enterprise run by a person or organization that is not a branch or subsidiary of a larger corporation and that has annual sales of at least IDR 300 million and up to IDR 2.5 billion or an asset value of at least IDR 50

million to IDR 500 million. Medium-sized businesses, on the other hand, are profitable enterprises with a net worth of more than IDR 500 million and up to IDR 10 billion, or with annual sales results of more than IDR 2.5 billion and up to IDR 50 billion.

Table 1  
MSMEs by Total Assets and Turnover

| Big Business  | Assets                                    | Big Turnovers                              |
|---------------|---|--|
| Micro         | < 50 Million Rupiah                       | < 300 Million Rupiah                       |
| Small         | >50 Million Rupiah<br><500 Million Rupiah | >300 Million Rupiah<br><2.5 Billion Rupiah |
| Intermediates | >500 Million Rupiah<br><10 Billion Rupiah | >2.5 Billion Rupiah<br><50 Billion Rupiah  |

### ***Principle 5C of Financing***

In banking, both conventional and sharia, the distribution of healthy financing must go through the stages of analysis about whether or not the financing is appropriate. At the analysis stage, it is also determined how much of the financing realization will be given to the application submitted by the customer.

The principles that become the reference in the analysis stage of the application for bank financing are contained in the 5C principle. These five classic principles include (Muljono, 2007):

1. Character, namely character assessment with the belief from the bank that the borrower has positive and cooperative morals, character or personal traits and also has a sense of responsibility both in his personal life as a human being, his life as a member of the community or in his life. run their business. This assessment is useful to determine the level of honesty and integrity as well as the good faith of prospective debtors to carry out their obligations stated in the contract agreement.
2. Capacity, which is an assessment of prospective debtors regarding the ability to pay off their obligations from the business activities they carry out which will be financed by the bank. This assessment is to assess the extent to which the business results that will be obtained by the prospective debtor will be able to pay off on time according to the agreed agreement.
3. Capital (capital), namely the assessment of the amount of funds or own capital owned by the prospective debtor. This self-capital ability will be a strong fortress so that credit is not easily affected by external shocks and assess whether the capital owned by the prospective debtor is adequate to run and maintain its business continuity.
4. Collateral (collateral), namely the assessment of collateral goods submitted by the debtor as collateral for the financing it receives. The existence of this guarantee assessment is to determine the extent to which the value of the collateral can cover the risk of failure to return the debtor's obligations.
5. Conditions of the Economy (economic conditions), namely an assessment of the political, social, economic, cultural and other situations and conditions that affect the state of the economy at a time or for a certain period of time which is likely to affect the smooth running of the company that obtains financing, so as to minimize risks that may arise

from macroeconomic conditions.

Financing is able to support economic activity but financing that is not guided by the precautionary principle has the potential to cause problems (Arista & Jayanto, 2019). Rizal & Laily (2021) mentioning problematic financing can cause a decrease in opinion and risk triggering losses. The cause of problematic financing is generally because the customer can't keep the promise to make payments according to the agreed schedule and doesn't meet the requirements specified in the contract (Historiawan & Syufaat, 2022). According to Hana Ridwan & Chodlir (2021) financing analysis is needed as a measure to prevent problematic financing because on the one hand, no matter what happens, Islamic banks must still pay customer funds placed and operational costs.

For sharia banking, apart from the considerations based on the 5C principles, the most important thing to consider is the analysis of the sharia compliance aspect, where the bank must ensure that the customer's business/business to be provided with financing does not violate sharia provisions and is carried out according to sharia principles.

## RESEARCH METHODS

This type of research is quantitative research. Types of data taken from primary data sources, namely data obtained as the first source from individual respondents and secondary data obtained from documents and reports sourced from Bankaltimtara Syariah related to research. The population in this study are MSME business actors who receive financing from Bankaltimtara Syariah. While the sample in this study used a purposive sampling technique which was selected based on the location closest to the research location. The sample in the study were 30 (thirty) MSME financing customer respondents. The data collection method was carried out by means of questionnaires which were distributed to 30 respondents. Data analysis in this study used multiple linear regression statistical analysis using the OLS (Ordinary Least Squares) method.

## RESULT AND DISCUSSION

### **Analysis of Factors Influencing the Realization of Financing MSME Sector for the Sharia Bankaltimtara**

#### *Characteristics of Respondents*

Respondents in this study amounted to 30 (thirty) people who became customers of MSME financing in Sharia Bankaltimtara, Samarinda. The characteristics of the respondents to examine the factors that influence MSME financing are taken based on the 5C principle which is the basis for banks to conduct a feasibility analysis process for financing applications, including individual characteristics, business characteristics, and financing characteristics.

The financing of the MSME sector of Sharia Bankaltimtara is realized on the basis of a financing decision from the competent leadership which is preceded by an analysis phase that refers to the 5C principle.

#### *Individual Characteristics*

Individual characteristics are one of the important things that are assessed by the bank when

applying for financing, from which the character and personality of each individual prospective financing customer can be assessed. Individual characteristics of respondents in this study will be described based on gender, age, and level of education.

Based on gender, respondents were dominated by male customers, namely 53.3% or as many as 16 people, while female customers were 46.7% or 14 people. For more details, the characteristics of respondents based on gender can be described in the form of tables and figures as follows:

**Table 2. Characteristics of Respondents by Gender**

|           | frequency | percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid Man | 16        | 53.3    | 53.3          | 53.3               |
| Woman     | 14        | 46.7    | 46.7          | 100.0              |
| Total     | 30        | 100.0   | 100.0         |                    |

*Source: Primary data, 2020*

Based on age, respondents are dominated by productive age customers, which are in the range of 31-45 years, with a percentage of 60%. For more details, the characteristics of respondents based on age can be described in the form of tables and figures as follows:

**Table. 3 Characteristics of Respondents by Age**

|                  | frequency | percent | Valid Percent | Cumulative Percent |
|------------------|-----------|---------|---------------|--------------------|
| Valid Ages 31-35 | 1         | 3.3     | 3.3           | 3.3                |
| Ages 36-40       | 8         | 26.7    | 26.7          | 30.0               |
| Ages 41-45       | 9         | 30.0    | 30.0          | 60.0               |
| Ages 46-50       | 6         | 20.0    | 20.0          | 80.0               |
| Age>50           | 6         | 20.0    | 20.0          | 100.0              |
| Total            | 30        | 100.0   | 100.0         |                    |

*Source: Primary data, 2020*

Based on the level of education, the level of education shows how much insight the customer has in understanding the procedure or the application process. Characteristics of respondents in terms of education level are divided into several categories from elementary school graduates to bachelor degrees. Based on research on the education level of respondents, it is known that the



education level of most of the customers is high school with 46.7%. For more details, the characteristics of respondents based on the level of education can be described in the form of tables and figures as follows:

**table. 4 Characteristics of Respondents by Education Level**

| Level of education |                    | frequency | percent | Valid Percent | Cumulative Percent |
|--------------------|--------------------|-----------|---------|---------------|--------------------|
| Valid              | ELEMENTARY         | 1         | 3.3     | 3.3           | 3.3                |
|                    | SCHOOL JUNIOR      | 6         | 20.0    | 20.0          | 23.3               |
|                    | HIGH SCHOOL SENIOR | 14        | 46.7    | 46.7          | 70.0               |
|                    | HIGH SCHOOL D1/D2  | 2         | 6.7     | 6.7           | 76.7               |
|                    | D3                 | 2         | 6.7     | 6.7           | 83.3               |
|                    | S1                 | 5         | 16.7    | 16.7          | 100.0              |
|                    | Total              | 30        | 100.0   | 100.0         |                    |

*Source: Primary data, 2020*

### Business Characteristics

Assessment of business characteristics is very important and affects the application of financing, in the 5C principle, it is included in the assessment of capacity or the ability of customers to repay financing. The characteristics of the respondent's business in this study will be described based on the length of business, net profit per month, and the type of business of the customer.

In bank regulations, the minimum length of time for a customer's business in applying for financing is 6 (six) months. The longer the business is undertaken, it shows the continuity and resilience of the business. Characteristics of respondents based on the length of business are dominated by respondents who have a length of business between 6-24 months, namely 56.7%. This is considered reasonable, because in that time span, MSME actors are still in the business development stage and need additional capital to develop their business.

For more details, the characteristics of respondents based on age can be described in the form of tables and figures as follows:

**Table 5. Characteristics of Respondents by Length of Business**

| Business Length |                | frequency | percent | Valid Percent | Cumulative Percent |
|-----------------|----------------|-----------|---------|---------------|--------------------|
| Valid           | 6 - 12 months  | 8         | 26.7    | 26.7          | 26.7               |
|                 | 13 - 24 months | 9         | 30.0    | 30.0          | 56.7               |

|                |    |       |       |       |
|----------------|----|-------|-------|-------|
| 25 - 48 months | 8  | 26.7  | 26.7  | 83.3  |
| > 48 months    | 5  | 16.7  | 16.7  | 100.0 |
| Total          | 30 | 100.0 | 100.0 |       |

Source: Primary data, 2020

### Net Profit per Month

Net income per month is very important in determining financing approval decisions, because it is a source of financing returns and a determining factor for the smoothness of these returns. Net operating profit is calculated from gross profit minus COGS and expenses so as to produce a net profit.

Characteristics of respondents based on net income per month are described in the form of tables and figures as follows:

**Table 6. Characteristics of Respondents based on Net Profit per month**

| Monthly Net Profit |                         | frequency | percent | Valid Percent | Cumulative Percent |
|--------------------|-------------------------|-----------|---------|---------------|--------------------|
| Valid              | 1 million - 5 million   | 8         | 26.7    | 26.7          | 26.7               |
|                    | 6 million - 10 million  | 14        | 46.7    | 46.7          | 73.3               |
|                    | 11 million - 15 million | 6         | 20.0    | 20.0          | 93.3               |
|                    | > 15 million            | 2         | 6.7     | 6.7           | 100.0              |
|                    | Total                   | 30        | 100.0   | 100.0         |                    |

Source: Primary data, 2020

Based on the data above, the majority of customers are those who have a net profit income per month between 6 million to 10 million per month as many as 14 people, namely 46.7%, then a net profit of between 1 million to 5 million per month as many as 8 people, namely 26.7%, net profit between 11 to 15 million as many as 6 people, namely 20% and net profit above 15 million as many as 2 people, namely 6.7%.

### Type of business

In assessing the customer's business, of course, what must also be assessed is the type of business of the prospective customer financing. This type of business is related to the assessment of economic conditions, where the economic conditions of a region affect the business climate, so that the quality of the customer's type of business can be known, whether it can develop and support financing returns or vice versa.

Characteristics of respondents based on the type of business described in the form of tables and figures as follows:

**Table 7. Characteristics of Respondents by Type of Business**

#### Type of business

|                                | frequency | percent | Valid Percent | Cumulative Percent |
|--------------------------------|-----------|---------|---------------|--------------------|
| Valid Trading                  | 14        | 46.7    | 46.7          | 46.7               |
| Service                        | 10        | 33.3    | 33.3          | 80.0               |
| Manufacture                    | 2         | 6.7     | 6.7           | 86.7               |
| Restaurants and Hotels         | 2         | 6.7     | 6.7           | 93.3               |
| Agriculture, Livestock, Mining | 2         | 6.7     | 6.7           | 100.0              |
| Total                          | 30        | 100.0   | 100.0         |                    |

Source: Primary data, 2020

Based on the data above, the majority of respondents have a business in the trade sector, which is 46.7% of the total, and followed by respondents who are engaged in services, which is 33.3%, the rest are engaged in industry/manufacturing, restaurants & hotels, and is engaged in agriculture, plantation, and mining.

### Financing Characteristics

The financing characteristics of respondents in this study are described based on the total composition of business capital, the value of collateral, and the type of financing contract.

#### 1) Composition of Working Capital

The composition of working capital in financing shows the amount of own capital owned by the customer compared to the capital received from financing, so that it can indicate the strength of the initial business foundation of the customer. Capital analysis in financing aims to measure the applicant's ability to provide own capital (own share) in its business activities. Characteristics of respondents based on the composition of working capital are described in the form of tables and figures as follows:

**Table 8. Characteristics of Respondents based on Business Composition**

#### Composition of Working Capital

|                 | frequency | percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid 25% - 45% | 4         | 13.3    | 13.3          | 13.3               |
| 45.01% - 65%    | 12        | 40.0    | 40.0          | 53.3               |
| 65.01% - 85%    | 9         | 30.0    | 30.0          | 83.3               |
| 85.01% - 100%   | 5         | 16.7    | 16.7          | 100.0              |
| Total           | 30        | 100.0   | 100.0         |                    |

Source: Primary data, 2020

#### 2) Collateral Values

Collateral is one of the bases for providing financing by considering the risk and moral hazard of the bank, where the financing channeled funds are public funds that must be issued carefully, so collateral is needed to ensure smooth returns and as a reserve for recovery risk financing. The characteristics of the respondents based on the value of the financing collateral are described in the form of tables and figures as follows:

**Table 9. Characteristics of respondents based on the value of financing collateral**

| Collateral_Value |                           | frequency | percent | Valid Percent | Cumulative Percent |
|------------------|---------------------------|-----------|---------|---------------|--------------------|
| Valid            | 20 - 100 million          | 6         | 20.0    | 20.0          | 20.0               |
|                  | 101 million - 250 million | 9         | 30.0    | 30.0          | 50.0               |
|                  | 251 million - 500 million | 9         | 30.0    | 30.0          | 80.0               |
|                  | > 500 million             | 6         | 20.0    | 20.0          | 100.0              |
|                  | Total                     | 30        | 100.0   | 100.0         |                    |

*Source: Primary data, 2020*

From the data above, it can be seen that respondents who have collateral values ranging from 101 million to 250 million are comparable to respondents who have collateral values ranging from 251 million to 500 million, namely 9 people each. Meanwhile, respondents who have collateral values ranging from 20 to 100 million are comparable to respondents who have collateral values of more than 500 million, namely 6 people each.

### 3) Types of Financing Contracts

Aqad for Islamic banks is a very important thing that needs to be considered in various kinds of Islamic bank products in determining their sharia and at the same time as a differentiator between Islamic banks and conventional banks. Types of product financing contracts commonly used by Islamic banking include istishna contracts, murabaha contracts, musyarakah contracts, and ijarah contracts.

Characteristics of respondents based on the type of financing contract used are described in the form of tables and figures as follows:

**Table 10. Characteristics of respondents by type of financing contract**

| Type_Akad |                    | frequency | percent | Valid Percent | Cumulative Percent |
|-----------|--------------------|-----------|---------|---------------|--------------------|
| Valid     | Ishtishna contract | 3         | 10.0    | 10.0          | 10.0               |

|                    |    |       |       |       |
|--------------------|----|-------|-------|-------|
| Murabaha contract  | 21 | 70.0  | 70.0  | 80.0  |
| Musharaka contract | 6  | 20.0  | 20.0  | 100.0 |
| Total              | 30 | 100.0 | 100.0 |       |

Source: Primary data, 2020

From the data above, it is known that the type of contract that is most widely used by respondents in financing is the type of murabahah contract, which is used by 21 people or as much as 70%, and the remaining istishna contract as many as 3 people or 10% and musyarakah contract, which is 6 people or 30%. The type of murabahah contract is the most widely used and is most often used because it is considered by the bank to have a smaller risk compared to other types of financing contracts.

### Multiple Linear Regression Model Estimation

Multiple linear regression analysis technique is used to determine the dependence of one dependent variable with one of the independent variables with or without a moderator variable. This analysis also predicts the magnitude and direction of the relationship between the independent variable and the dependent variable (Setiyarti & Wardhana, 2018).

The multiple linear regression model using the Ordinary Least Squares (OLS) method which will be used to test the hypothesis in this study has successfully passed the classical assumption test, so that it has ideal properties according to the Gauss-Markov theorem which produces an estimator that is unbiased, linear and has different variances. minimum (best linear unbiased estimators = BLUE).

The results of multiple linear regression tests that have been processed using the SPSS 23.0 software program can be seen in the following table:

**Table 11. Multiple Regression Analysis Test Results Factors Influencing the Realization of Financing for the MSME Sector Sharia Bankaltimtara**

| Variabel  |                         | Koefisien Regresi | t hitung | Sig. |
|-----------|-------------------------|-------------------|----------|------|
|           | (Constant)              | -57445138.72      | -.850    | .406 |
| X1        | Usia                    | -765204.39        | -.685    | .501 |
| X2        | Tahun Pendidikan        | -2850490.32       | -1.001   | .329 |
| X3        | Lama Usaha              | 527379.77         | .823     | .421 |
| X4        | Laba Bersih/ bulan      | 7.43              | 2.746    | .013 |
| DU1(X5)   | Dummy Usaha Perdagangan | 27176944.10       | 1.180    | .253 |
| DU2 (X5)  | Dummy Usaha Jasa        | 6442388.90        | .270     | .790 |
| X6        | Komposisi Modal Usaha   | 295238.92         | .870     | .395 |
| X7        | Nilai Agunan            | 0.31              | 7.168    | .000 |
| DA1 (X8)  | Dummy Akad Istishna     | 25655579.20       | .855     | .403 |
| DA12 (X8) | Dummy Akad Murabahah    | 29664673.03       | 1.461    | .160 |

Source: Primary data, 2020

Notation and values of the regression coefficient estimates on the output of the SPSS auxiliary program in Table 11 above, will explain the relationship between the independent variable and the dependent variable. Thus, based on the results of the SPSS output above, the estimation construction of the equation model in this study becomes as follows:

$$Y = - 57445138,72 - 765204,39 X1 - 2850490,32 X2 + 527379,77 X3 + 7,43 X4 + 27176944,10 DU1 + 6442388,90 DU2 + 295238,92 X6 + 0,31 X7 + 25655579,20 DA1 + 29664673.03 DA2$$

where:

|         |   |
|---------|---|
| Y       | = Financing Realization                           |
| X1      | = Age   |
| X2      | = Year of Education                               |
| X3      | = length of business                              |
| X4      | = Net Profit per month                            |
| DU (X5) | = Dummy Type of Business                          |
| DU1     | = trade, 1= trade, 0 = other than trade           |
| DU2     | = Industry, 1= Industry, 0 = other than Industry  |
| X6      | = Composition of Working Capital                  |
| X7      | = Collateral Value                                |
| DA(X8)  | = Dummy Type of Contract                          |
| DA1     | = Istishna, 1= Istishna, 0 = other than Istishna  |
| DA2     | = Murabaha, 1 = Murabaha, 0 = other than Murabaha |

### Classic Assumption Test

The analysis of the factors that influence the realization of financing at PT BPD Kaltim Kaltara Syariah in this thesis is carried out using a multiple linear regression model using the Ordinary Least Squares (OLS) method. Where it has been described in the previous chapter that this method will be good and in accordance with statistical rules if it is tested to meet the BLUE assumption (best linear unbiased estimators).

The test in this method is called the classical assumption test which aims to ensure that the research results are valid with the data used in theory is unbiased, consistent and the regression coefficient estimation is efficient (Febriana & Yulianto, 2017). The classical assumption test includes normality test, multicollinearity test, and heteroscedasticity test. The results show that this regression model has met the assumption of normality, multicollinearity test, and heteroscedasticity test.

### Feasibility Test Model (Goodness of Fit)

In the feasibility test model (Goodness of Fit), three test steps were carried out, namely the coefficient of determination (R<sup>2</sup>) test, Simultaneous F-Test, and t-test (partial). Summary The results of multiple linear regression tests for the three tests that were processed using the SPSS software program can be seen in the following table:

**Table 12. Summary of Feasibility Test Results of Multiple Regression Analysis Model**  
**Coefficients<sup>a</sup>**

| Variables   |                                | Regression Coefficient | tcount | Sig. |
|---|--------------------------------|------------------------|--------|------|
|   | (Constant)                     | -<br>57445138.72       | -.850  | .406 |
| X1  | age                            | -765204.39             | -.685  | .501 |
| X2  | Year of Education              | -2850490.32            | -1,001 | .329 |
| X3  | BusinessLength                 | 527379.77              | .823   | .421 |
| X4  | Net Profit/month               | 7.43                   | 2,746  | .013 |
| DU1(X5)   | Trade Business Dummy           | 27176944.10            | 1,180  | .253 |
| DU2 (X5)  | Service Business Dummy         | 6442388.90             | .270   | .790 |
| X6  | Composition of Working Capital | 295238.92              | .870   | .395 |
| X7  | Collateral Values              | 0.31                   | 7.168  | .000 |
| DA1 (X8)  | Istishna Contract Dummy        | 25655579.20            | .855   | .403 |
| DA12 (X8)   | Murabahah Contract Dummy       | 29664673.03            | 1,461  | .160 |
| Sig. F/Fcount = 0.000 / 36.035<br>Adjust R Square = 0.924<br>R Square = 0.950 |                                |                        |        |      |

a. Dependent Variable: Actual Financing

### **Coefficient of Determination (R<sup>2</sup>)**

The coefficient of determination explains the variation of the influence of the independent variables on the dependent variable, namely the proportion of the influence of all independent variables on the dependent variable. The value of the coefficient of determination of multiple regression which has more than one independent variable can be measured by the Adjusted R- Square value. On Table 16 it can be seen that the value of Adjust R Square is 0.924, indicating that the proportion of the influence of all independent variables in the model on the dependent variable of financing realization is 92.4%. This means that the model can explain the variation and influence on changes in financing realization is 92.4%, while 7.6% of changes in financing realization are influenced by other factors outside the model.

### **Model Reliability Test (F Test)**

Model reliability test or simultaneous F test is to identify whether the estimated regression model is feasible or not. Appropriate (reliable) here means that the estimated model is feasible

to be used to explain the effect of the independent variables (independent) in the model on the dependent variable (financing realization). Through the SPSS 23.0 software assistance program, this test is carried out by looking at the calculated probability F value (sig.) in the ANOVA table which has been summarized into table 4.29. If the prob value. F count is smaller than the error rate (alpha) of 0.05, it can be said that the estimated regression model is feasible, whereas if the value of prob. The calculated F is greater than the error rate of 0.05, so it can be said that the estimated regression model is not feasible.

score prob. calculated F (sig.) in table 4.29 the value is 0.000 less than the 0.05 significance level, so it can be concluded that the estimated linear regression model is feasible to be used to explain the effect of the independent variable in the model on the dependent variables (financing realization). This means that of all the explanatory variables in the financing realization regression model, there is at least one variable that has a significant effect at the 5 percent level of significance.

### Regression Coefficient Test (t Test)

Test the regression coefficient (t test) is intended to test whether the coefficient parameter that is expected to estimate the equation/multiple linear regression model is the right parameter or not, which is able to explain that the behavior of the independent variable in the model affects the dependent variable, namely the realization of financing. The t test or also called a partial test to test the significance of the effect of the independent variables in the model individually on the dependent variable (financing realization) at Sharia Bank Kaltimara, Samarinda.

The basis for the decision making of this t test is as follows:

#### 1. Based on the significant value of the SPSS output results

If the value of Sig. < 0.05 then the independent variable (X) has a significant effect on the dependent variable (Y) or H<sub>0</sub> is accepted. If the value of Sig. > 0.05 then the independent variable (X) has no significant effect on the dependent variable (Y) or H<sub>0</sub> is rejected.

#### 2. Based on the value of t count and t table

If the value of t arithmetic > t table then the independent variable (X) affects the dependent variable (X) H<sub>0</sub> is accepted. If the value of t arithmetic < t table then the independent variable (X) has no effect on the dependent variable (Y) H<sub>0</sub> is rejected.

It is known that the t table value with a significant level of 0.05 is 2.093 and from the results of multiple regression testing, the t-test results are as follows:

**Table 13. Partial Test Results (t-test)**

| Variables |                   | Regression Coefficient | tcount | Sig. | Conclusion               |
|-----------|-------------------|------------------------|--------|------|--------------------------|
|           | (Constant)        | -<br>57445138.72       | -.850  | .406 | -                        |
| X1        | age               | -765204.39             | -.685  | .501 | H <sub>01</sub> rejected |
| X2        | Year of Education | -2850490.32            | -1,001 | .329 | H <sub>02</sub> rejected |
| X3        | BusinessLength    | 527379.77              | .823   | .421 | H <sub>03</sub> rejected |



|           |                                |             |       |      |                     |
|-----------|--------------------------------|-------------|-------|------|---------------------|
| X4        | Net Profit/month               | 7.43        | 2,746 | 013  | <b>H04 accepted</b> |
| DU1(X5)   | Trade Business Dummy           | 27176944.10 | 1,180 | .253 | H05 rejected        |
| DU2 (X5)  | Service Business Dummy         | 6442388.90  | .270  | .790 | H06 rejected        |
| X6        | Composition of Working Capital | 295238.92   | .870  | .395 | H07 rejected        |
| X7        | Collateral Values              | 0.31        | 7.168 | .000 | <b>H08accepted</b>  |
| DA1 (X8)  | Istishna Contract Dummy        | 25655579.20 | .855  | .403 | H09 rejected        |
| DA12 (X8) | Murabahah Contract Dummy       | 29664673.03 | 1,461 | .160 | H010 refused        |

### Hypothesis testing

Testing the hypothesis based on the results of the research on the factors that influence the realization of MSME financing at Sharia Bankaltimtara in Samarinda based on the basis for making decisions that have been determined are as follows:

- a. *Hypothesis (1): Age (X1), Year of Education (X2), Length of Business (X3), Net Profit per month (X4), Type of Business (X5), Composition of Business Capital (X6), Collateral Value (X7), and Types of Financing Contracts (X8) simultaneously or jointly have a significant effect on Realization of Financing (Y)*

Simultaneous testing shows that the F value for the regression model with a probability of sig. of

$0.000 < 0.05$  (where F count = 36.035 > F table = 2.093). So, it can be concluded that the independent variables are Age (X1), Year of Education (X2), Length of Business (X3), Net Profitper month (X4), Type of Business (X5), Composition of Business Capital ( X6), Collateral Value(X7), and Types of Financing Contracts (X8) simultaneously or jointly have a significant effect onthe dependent variable, namely Financing Realization (Y), so that H0 is accepted.

- b. *Hypothesis (2): Age (X1) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the effect of the debtor's age factor on the realization offinancing for the MSME sector shows the probability value of sig. of  $0.501 > 0.05$  (where t count = -0.685 < t table = 2.093). So, it can be concluded that the age of the debtor does not significantlyaffect the realization of financing, so H0 is rejected.

- c. *Hypothesis (3): Year of Education (X2) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the effect of the debtor's education year factor on the realization of financing for the MSME sector shows the probability value of sig. of  $0.329 > 0.05$  (where t count = -0.1001 < t table = 2.093). So, it can be concluded that the debtor's education yearhas no significant effect on the Realization of Financing, so H0 is rejected.

d. *Hypothesis (4): Length of Business (X3) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the effect of the debtor's length of business on the realization of financing for the MSME sector shows the probability value of sig. of  $0.421 > 0.05$  (where  $t \text{ count} = 0.823 < t \text{ table} = 2.093$ ). So, it can be concluded that the length of the debtor's business does not significantly affect the realization of financing, so  $H_0$  is rejected.

e. *Hypothesis (5): Net profit per month (X4) has a significant effect on Realization of Financing(Y)*

The estimation parameter for testing the effect of the monthly net income factor on the realization of financing for the MSME sector shows the probability value of sig. of  $0.013 < 0.05$  (where  $t \text{ count} = 2.746 > t \text{ table} = 2.093$ ). So, it can be concluded that the net profit per month proved to have a significant effect on the Realization of Financing, so  $H_0$  is accepted.

f. *Hypothesis (6): Type of Business (DU(X5)) has a significant effect on Realization of Financing(Y)*

The parameter estimation for testing the effect of the type of debtor's business, both trading (DU1) and industrial (DU2) on the realization of financing for the MSME sector shows the probability value of sig. for trade it is  $0.253 > 0.05$  (where  $t \text{ count} = 1.180 < t \text{ table} = 2.093$ ) and for industry it is  $0.790 > 0.05$  (where  $t \text{ count} = 0.270 < t \text{ table} = 2.093$ ). So, it can be concluded that the two types of debtor's business have no significant effect on Financing Realization, so  $H_0$  is rejected.

g. *Hypothesis (7): Composition of Working Capital (X6) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the effect of the composition of debtor's business capital on the realization of financing for the MSME sector shows the probability value of sig. of  $0.395 > 0.05$  (where  $t \text{ count} = 0.870 < t \text{ table} = 2.093$ ). So, it can be concluded that the composition of the debtor's business capital does not significantly affect the realization of financing, so  $H_0$  is rejected.

h. *Hypothesis (8): Collateral value (X7) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the effect of the debtor's collateral value factor on the realization of financing for the MSME sector shows the probability value of sig. of  $0.000 < 0.05$  (where  $t \text{ count} = 7.168 > t \text{ table} = 2.093$ ). So, it can be concluded that the value of the collateral is proven to have a significant effect on the Realization of Financing, so  $H_0$  is accepted.

i. *Hypothesis (9): Type of Financing Contract (DA(X8)) has a significant effect on Realization of Financing (Y)*

The estimation parameter for testing the influence of the factors of the type of financing contract, both the type of istishna financing contract (DA1) and the murabahah financing contract (DA2) on the realization of financing for the MSME sector shows the probability value of sig. for istishna contracts it is  $0.403 > 0.05$  (where  $t \text{ count} = 0.855 < t \text{ table} = 2.093$ ) and for murabaha contracts it is  $0.160 > 0.05$  (where  $t \text{ count} = 1.461 < t \text{ table} = 2.093$ ). So,

it can be concluded that the type of financing contract does not significantly affect the realization of financing, so  $H_0$  is rejected.

## Discussion

### *Ages (X1)*

Age is one of the factors thought to have a significant effect on the realization of financing for the MSME sector at Sharia Bankaltimtara, Samarinda. This estimation is because age is one of the characteristics of the debtor, which is included in the 5C principle (character) that must be known by the Bank when analyzing the realization of financing.

The results of statistical testing using multiple regression showed that the probability value of sig. of  $0.501 > \alpha (0.05)$  (where  $t \text{ count} = -0.685 < t \text{ table} = 2.093$ ) which means that the age of the debtor has no significant effect on Financing Realization.

The sign of the estimated coefficient owned by the age variable is negative, thus explaining that there is a unidirectional or inverse relationship between the age increase and the increase in the realization of the financing provided. As the age of the debtor increases, the realized value of financing will decrease or vice versa. The regression coefficient value of Age (X1) is  $-765204.39$  which means that an increase in age of one unit will reduce the realization of financing by Rp. 765.204.39.

The age factor which was estimated to be a benchmark that had a significant effect was not able to have a significant effect on the realization of MSME financing at Sharia Bankaltimtara, Samarinda. Thus, the interpretation of the coefficients above cannot be used to explain the effect of age on the realization of financing. The Bank determines the amount of financing realized not based on the age of the debtor, but based on income which is the benchmark for the debtor's ability to repay the financing. The results of this study are the same as the research conducted by Samirah Ali and Ali Mutasowifi in that the age of the debtor does not significantly affect the realization of MSME financing (Musatowifi & Ali, 2015).

### *Years of Education (X2)*

Years of education indicate how high a person's education level is. The longer the years of education taken by a person, the higher the level of formal education is obtained. The level of education is one of the individual characteristics derived from the 5C principle, namely character. The results of statistical testing years of education using multiple regression show that the probability value of sig. of  $0.329 > 0.05$  (where  $t \text{ count} = -0.1001 < t \text{ table} = 2.093$ ) which means that the year of education does not significantly affect the Realization of Financing.

The sign of the estimated coefficient owned by the variable year of education is negative, so it also explains that there is a unidirectional or inverse relationship between the increase in years of education and the increase in the realization of the financing provided. The more years of education of the debtor, the value of financing realization will decrease or vice versa. The regression coefficient value from the year of education (X2) is  $-2850490.32$  which means that an increase in the year of education by one unit will reduce the realization of financing by Rp. 2,850,490.32.

As for the age variable, the interpretation of the sign and the magnitude of the coefficient of the year of education above cannot be used to explain the effect on the realization of financing, because it is based on the test results that the year of education is not significant affect the

value of the realization of financing provided by the bank. Banks provide financing to MSME debtors not based on how long the debtor has received formal education. Entrepreneurial skills and knowledge are not only obtained from formal education, it is proven that many successful entrepreneurs only get education up to elementary and junior high schools. The results of this study are in line with the results of the research conducted by Anggriawan (2010) that the level of education has no significant effect on the realization of financing and the results of research conducted by Marantika & Sampurno (2013) that the level of education is not a guarantee of credit repayment. good (fluent). Many debtors with a higher education level are more online to make payments in arrears, while debtors with lower education generally have a great fear of making payments in arrears.

#### *Business Length (X3)*

Length of Business is one of the factors that is estimated to affect the realization of MSME financing at Sharia Bank Kaltim Tara, Samarinda. The length of business is the basis for determining how much experience the debtor has in running his business. The results of the statistical test of the length of effort using multiple regression indicate that the probability value of sig. of  $0.421 > 0.05$  (where  $t \text{ count} = 0.823 < t \text{ table} = 2.093$ ) which means that the length of business does not significantly affect the Realization of Financing.

The sign of the estimated coefficient owned is positive, which means that it explains that there is a unidirectional relationship between the increase in the length of business and the increase in the realization of the financing provided. The longer the length of the debtor's business, the value of financing realization will increase or vice versa. The regression coefficient value from the year of business is 527379.77 which means that an increase in the length of a business by one unit will increase the realization of financing by Rp. 527,379.77.

In practice, Sharia Bank Kaltim Tara determines the minimum length of business for customers who wish to apply for business financing, namely the business has been running for at least six months. However, the Bank does not immediately approve the application based on business experience alone, but the priority is the ability to return which is seen from the customer's monthly income. The results of the study which proves that the length of business does not significantly affect the realization of financing, are in line with the results of research by Sembiring (2013) that the length of the business does not significantly affect the realization of KUR and smooth returns. Similar to these findings Anita, Thantawi, & Suryani (2022) also explained that the length of effort does not affect the accessibility of MSMEs.

#### *Net Profit per month (X4)*

Net profit per month is an important factor that is estimated to affect the realization of MSME financing at Sharia Bank Kaltim Tara, Samarinda. Net profit is the difference in total income minus the cost of production/sales taking into account other costs incurred during the production process. Other costs that arise are called variable costs, which are costs whose amount can change as business activities increase. These costs include electricity, water, transportation, promotion costs, internet and telephone costs used in business activities. Net profit is a derivative of the 5C principle, namely Capacity (debtor's ability) as an indicator of how big the customer's ability to repay financing. By looking at the net profit of the customer's business per month, the bank can adjust the monthly repayment installments according to the customer'

The results of statistical testing using multiple regression showed that the probability value

of sig. the variable net profit per month is  $0.013 < 0.05$  (where  $t = 2.746 > t_{\text{table}} = 2.093$ ) which means that it is proven that the net profit per month has a significant effect on the realization of MSME financing of Sharia Bankaltimtara, Samarinda. The sign of the estimated coefficient owned is positive, which means that it explains that there is a unidirectional relationship between the increase in the amount of net profit per month and the increase in the realization of the financing provided. The more the amount of net profit per month of the debtor, the value of financing realization will increase or vice versa. The regression coefficient value of net income per month is

7.43 with the assumption that the other independent variables of the regression model are fixed. In other words, if other factors remain, the increase in net profit per month by Rp. 1 million will increase the realization of financing by Rp. 7.43 million or 743% of the increase in net profit per month. The results of this study are the same as the results of several previous researchers, namely Musatowifin & Ali (2015) and Sembiring (2013) that monthly net income has a significant effect on financing realization. Therefore, the interpretation of the signs and coefficient values described above can be used to explain the effect of the customer's monthly net profit on the realization of MSME financing of Sharia Bankaltimtara, Samarinda.

#### *Type of Business (DU(X5))*

The type of business is estimated to be one of the factors that affect the realization of MSME financing at Sharia Bankaltimtara, Samarinda. Based on the characteristics of the respondents, the type of debtor's business is divided into types of trading businesses, types of service businesses, and types of industrial businesses. It is suspected that this type of trading business is easier to obtain financing, because this type of business has a fast business cycle and is not too affected by the country's economic conditions.

The results of statistical testing of the influence of the type of debtor's business, both trading business (DU1) and service (DU2) on the realization of financing for the MSME sector show the probability value of sig. namely for trade it is  $0.253 > 0.05$  (where  $t_{\text{count}} = 1.180 < t_{\text{table}} = 2.093$ ) and for services it is  $0.790 > 0.05$  (where  $t_{\text{count}} = 0.270 < t_{\text{table}} = 2.093$ ). So, it can be concluded that the dummy type of debtor's business has no significant effect on the realization of financing.

Sign the estimated coefficient owned is positive, explaining that the relationship is in the same direction between the increase in length of business and the increase in the realization of the financing provided. The longer the length of the debtor's business, the value of financing realization will increase or vice versa. The regression coefficient of the Dummy for the Type of Trading Business is 27176944.10, which means that an increase in the Dummy for the Type of Trading Business by one unit will increase the realization of financing by Rp. 27,176,944.10 of one unit will increase the realization of financing by Rp. 27,176,944.10

The coefficient value of this type of trading business is greater than that of other types of business, seen from the number of respondents who have a business type in the trading sector that dominates compared to other types of business. The type of buying and selling business or trading is considered clearer and easier to run.

Although the two dummy types of business produce a unidirectional sign and a fairly large coefficient value, the type of business cannot but have a significant influence on the realization of financing. So, it cannot explain the real effect on the realization of financing. In practice, the Bank provides financing for all business sectors, the amount of which is adjusted

to the ability to repay and the capital needs of the customer's business.

#### *Composition of Working Capital (X6)*

The composition of working capital in financing shows the amount of own capital owned by the customer compared to the capital received from financing, so that it can indicate the strength of the initial business foundation of the customer. The composition of working capital is one of the factors that is estimated to have an influence on the amount of financing realization if the customer has a larger proportion of the composition of own capital.

The estimation parameter for testing the effect of the composition of debtor's business capital on the realization of financing for the MSME sector shows the probability value of sig. of 0.395 >

(where  $t \text{ count} = 0.870 < t \text{ table} = 2.093$ ). This means that the composition of the debtor's business capital has no significant effect on the realization of MSME financing. The regression coefficient value of the composition of working capital is 295238.92 which means that an increase in the composition of working capital by one unit will increase the realization of financing by Rp.295.238.92.

Signs and coefficients of the composition of working capital cannot explain the real effect on the realization of financing because the composition of working capital does not have a significant effect on the realization of financing. This can be seen from the Bank which does not see the proportion of the composition of the customer's business capital as an important reference in determining the realization of financing to be provided by the Bank. The Bank provides financing based on needs supported by monthly income from customers as the main reference for providing financing.

#### *Collateral Value (X7)*

Collateral is one of the bases for providing financing by considering the risk and moral hazard of the bank, where the financing channeled funds are public funds that must be issued carefully, so collateral is needed to ensure smooth returns and as a reserve for recovery risk financing.

The estimation parameter for testing the effect of the debtor's collateral value factor on the realization of financing for the MSME sector shows the probability value of sig. of  $0.000 < 0.05$  (where  $t \text{ count} = 7.168 > t \text{ table} = 2.093$ ). This means that the value of collateral is proven to have a significant effect on the realization of MSME financing.

The sign of the estimated coefficient owned is positive, explaining that the relationship that is owned is in the same direction between the increase in the value of the collateral and the increase in the realization of the financing provided. The more the value of the debtor's collateral increases, the value of the financing realization will increase or vice versa. The regression coefficient value of the Collateral Value of 0.31 means that an increase in the age of one unit will increase the realization of financing by 0.31 with the assumption that the other independent variables of the regression model are fixed. In other words, if other factors remain, an increase in the value of the collateral by Rp. 1 million will increase the realization of financing by Rp. 0.31 million or 3.1% of the increase in the value of the collateral.

#### *Type of Financing Contract (DA)(X8)*

The type of financing contract is one of the factors that is estimated to have an influence on the realization of MSME financing at Sharia Bank Kaltim Tara, Samarinda. Murabahah financing contracts dominate the types of financing contracts in Islamic banking in

Indonesia, so it is suspected that Murabahah financing contracts have a greater influence on financing realization compared to other types of financing contracts. Parameter of the estimation for testing the effect of the type of contract factor, both istishna financing contract (DA1) and murabahah financing contract (DA2) on the realization of MSME sector financing shows the probability value of sig. for istishna contracts it is  $0.403 > 0.05$  (where  $t \text{ count} = 0.855 < t \text{ table} = 2.093$ ) and for murabaha contracts it is  $0.160 > 0.05$  (where  $t \text{ count} = 1.461 < t \text{ table} = 2.093$ ). So,

The regression coefficient of the Dummy Type of Istishna Contract of 25655579.20 means that an increase in the Dummy Type of Istishna Contract of one unit will increase the realization of financing by Rp. Murabaha contract of one unit will increase the realization of financing by IDR 29,664,673.03. Although the two dummy types of financing contracts produce a unidirectional sign and a fairly large coefficient value, the type of business does not have a significant influence on the realization of financing, so it cannot explain its effect on the realization of financing in real terms. The determination of the amount of financing realization does not depend on the type of financing contract, although the type of Murabahah financing contract dominates the type of financing contract at Sharia Bankaltimtara Samarinda.

## CONCLUSION

The identified factors that affect the realization of MSME financing at Bankaltimtara Syariah Samarinda are age, length of business, customer education level, net income per month, composition of business capital, type of business, collateral value, and type of financing contract. Based on the results of the F test statistic, age, length of business, customer education level, net profit per month, composition of business capital, type of business, collateral value, and type of financing contract together or simultaneously have a significant influence on the realization of MSME financing at Sharia Bankaltimtara, Samarinda. Based on the results of the regression coefficient test or t test partially or individually, there are two factors that have a significant influence on the realization of MSME financing at Sharia Bankaltimtara, Samarinda, namely the customer's net profit per month and the value of the financing collateral. Meanwhile, other factors such as education level, length of business, type of business, composition of business capital, and type of financing contract did not significantly affect the realization of financing in the MSME sector.

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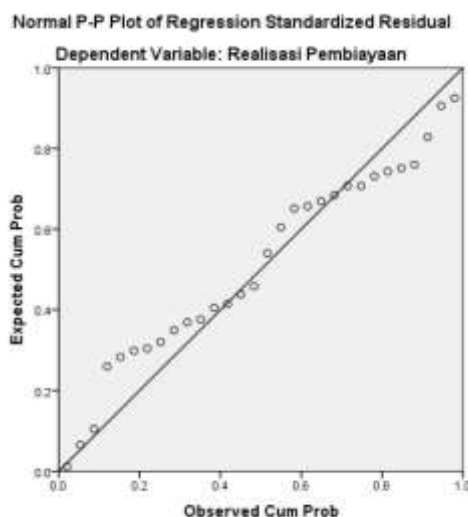
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## Appendix

### Classic Assumption test

#### a. Data Normality Test

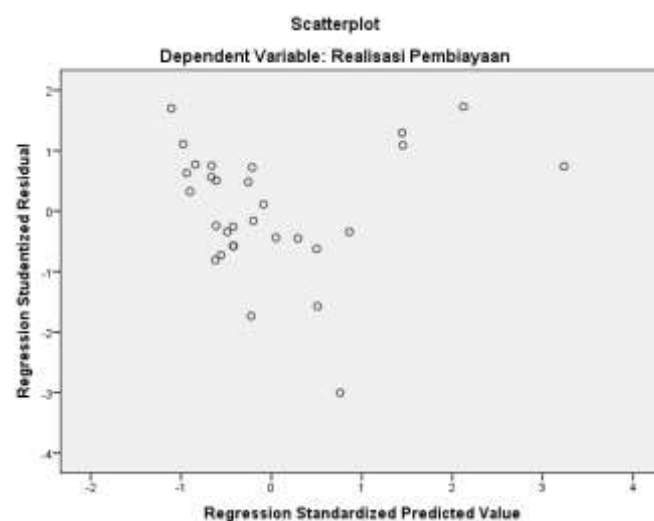


| One-Sample Kolmogorov-Smirnov Test |                |                         |
|------------------------------------|----------------|-------------------------|
|                                    |                | Unstandardized Residual |
| N                                  |                | 30                      |
| Normal Parameters <sup>a,b</sup>   | Mean           | .0000000                |
|                                    | Std. Deviation | 26932305.42776670       |
|                                    |                |                         |
| Most Extreme Differences           | Absolute       | .118                    |
|                                    | Positive       | .091                    |
|                                    | Negative       | -.118                   |
| Test Statistic                     |                | .118                    |
| Asymp. Sig. (2-tailed)             |                | .200 <sup>c,d</sup>     |

a. Test distribution is Normal.

b. Calculated from data.

#### b. Heteroscedasticity Test



:

**Coefficients<sup>a</sup>**

| Model        | Unstandardized Coefficients |             | Standardized Coefficients | t      | Sig. |
|--------------|-----------------------------|-------------|---------------------------|--------|------|
|              | B                           | Std. Error  | Beta                      |        |      |
| 1 (Constant) | 16609388.99                 | 31241415.43 |                           | .532   | .601 |
| X1           | 271152.579                  | 516164.150  | .107                      | .525   | .605 |
| X2           | 1089274.584                 | 1315956.237 | .164                      | .828   | .418 |
| X3           | -271887.498                 | 296118.019  | -.345                     | -.918  | .370 |
| X4           | .855                        | 1.251       | .233                      | .684   | .502 |
| DU1X5        | 9528495.414                 | 10645769.89 | .298                      | .895   | .382 |
| DU2X5        | 3361603.195                 | 11015046.68 | .105                      | .305   | .764 |
| X6           | -275299.059                 | 156946.590  | -.379                     | -1.754 | .096 |
| X7           | .018                        | .020        | .296                      | .875   | .392 |
| DA1X8        | -25383797.1                 | 13865142.23 | -.478                     | -1.831 | .083 |
| DA2X8        | -14144003.1                 | 9386233.360 | -.407                     | -1.507 | .148 |

a. Dependent Variable: Abs\_Res

### c. Multicollinearity Test

#### Coefficients<sup>a</sup>

|       |                                | Collinearity Statistics |       |
|-------|--------------------------------|-------------------------|-------|
| Model |                                | tolerance               | VIF   |
| 1     | (Constant)                     |                         |       |
|       | age                            | .746                    | 1,341 |
|       | Year of Education              | .788                    | 1,270 |
|       | BusinessLength                 | .220                    | 4,543 |
|       | Net Profit/month               | .268                    | 3,732 |
|       | Trade Business Dummy           | .280                    | 3,577 |
|       | Service Business Dummy         | .265                    | 3,778 |
|       | Composition of Working Capital | .667                    | 1,498 |
|       | Collateral Values              | .272                    | 3,683 |
|       | Istishna Contract Dummy        | .456                    | 2,194 |
|       | Dummy Murabahah Contract       | .426                    | 2,346 |